

Orange Countywide Oversight Board

August 7, 2018

Agenda Item No. 8A

To: Oversight Board Members

Recommended Action:

Approve resolution approving amendment to FY2018-19 ROPS for the Costa Mesa Successor Agency

The Costa Mesa Successor Agency requests approval of the Amended Recognized Obligation Payment Schedule (ROPS) 18-19B for the second half of Fiscal Year 2018-19. The amendment would increase the authorized amount in line 6. (Promissory Note Payable) from \$925,097 to \$1,202,953, an increase of \$277,856. This amendment was directed by the California Department of Finance due to updated property tax data from the County of Orange.

The DOF issued its preliminary decision letter regarding the Costa Mesa Successor Agency's ROPS 18-19 on April 10, 2018. The amended ROPS was approved by the local Costa Mesa Oversight Board on June 25, 2018 before its dissolution. After the dissolution of the local oversight boards statewide on June 30, 2018, the DOF issued new templates for amended ROPS and directed the Costa Mesa Successor Agency to seek approval from the Orange Countywide Oversight Board.

A RESOLUTION OF THE ORANGE COUNTYWIDE OVERSIGHT BOARD WITH OVERSIGHT OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING AN AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 18-19 FISCAL PERIOD OF JANUARY 1, 2019 TO JUNE 30, 2019, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Costa Mesa Redevelopment Agency (“former Agency”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers under the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and was formed by the City Council (“City Council”) of the City of Costa Mesa (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, unless otherwise stated in this resolution, statutory references are to the California Health and Safety Code, Dissolution Law; and

WHEREAS, as of February 1, 2012, the former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic under Section 34171(g), the Successor Agency to the Costa Mesa Redevelopment Agency (“Costa Mesa Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs; and

WHEREAS, prior to July 1, 2018 under the Dissolution Law, in particular Sections 34179 and 34180, all Costa Mesa Successor Agency actions were subject to the review and approval by a local seven-member oversight board, which oversaw and administered the Costa Mesa Successor Agency’s activities during the period from dissolution until June 30, 2018; and

WHEREAS, as of, on and after July 1, 2018 under the Dissolution Law, in particular Section 34179(j), in every California county there shall be only one oversight board that is staffed by the county auditor-controller, with certain exceptions that do not apply here; and

WHEREAS, as of, on and after July 1, 2018 Section 34179(j) established the single Orange Countywide Oversight Board, which serves as the oversight board to the 25 successor agencies existing and operating in Orange County, including the Costa Mesa Successor Agency; and

WHEREAS, every oversight board, both the prior local oversight board and this newly established Orange Countywide Oversight Board, has fiduciary responsibilities to the holders of enforceable obligations and to the taxing entities that benefit from distributions of property tax and other revenues under the Dissolution Law, in particular Section 34188; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted to, reviewed and approved by the successor agency and then reviewed and approved by the oversight board before final review and approval by the State of California, Department of Finance (“DOF”); and

WHEREAS, Section 34177(o)(1)(E) authorizes that “[o]nce per period, and no later than October 1, a successor agency may submit one amendment to the [ROPS] approved by the department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the [ROPS] period, which shall be defined as January 1 to June 30, inclusive. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised [ROPS] shall be approved by the oversight board and submitted to the department by electronic means in a manner of the department’s choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department’s review at least 15 days before the date of the property tax distribution.” and;

WHEREAS, in January 2018 when ROPS 18-19 was prepared in order to submit to DOF by the statutory deadline of February 1, 2018, the Costa Mesa Successor Agency requested and received property tax data from the County of Orange and used that data to calculate the ROPS annual payment on the City/Agency reinstated loan, which was included on line item 6. of ROPS 18-19; and

WHEREAS, when the DOF analyst (his title: Financial and Performance Evaluator, Office of State Audits and Evaluations, Department of Finance) reviewed the Costa Mesa Successor Agency’s ROPS 18-19 he identified an underpayment on the loan repayment amount in item 6. based on updated property tax data from the County of Orange, so he contacted City staff to inform the Costa Mesa Successor Agency about the updated property tax data, the increased amount eligible of \$277,856 payable on ROPS 18-19, and that an amendment of ROPS 18-19 would be necessary to correct and increase the amount listed on line 6., i.e., increase amount on line 6. to \$1,202,953 (instead of \$925,097—an increase of \$277,856) as the eligible amount of the annual repayment of the City/Agency reinstated loan under Section 34191.4; and

WHEREAS, the process to correct and receive the increased amount on line item 6. was explained by the assigned DOF analyst in a series of emails on March 28, 2018 initiated by DOF and exchanged with the City’s Assistant Finance Director, and follow-up telephone conferences between City and DOF’s respective staffs; and

WHEREAS, the objective of this Orange Countywide Oversight Board resolution is to authorize, make findings, and approve the Costa Mesa Successor Agency’s amendment of ROPS 18-19 to correct and increase line item 6. to the amount of \$1,202,953; and

WHEREAS, on April 10, 2018 the DOF issued its preliminary decision letter of ROPS 18-19, including approval of line item 6. in the initial amount of \$925,097 for the “A” fiscal period, so the increased amount of \$277,856 through the amendment would be received during the “B” period of January 1, 2019 to June 30, 2019; and

WHEREAS, the DOF analyst informed City staff that it was and is not necessary for the Costa Mesa Successor Agency to take action on this amendment, that only oversight board consideration and findings are necessary for DOF to implement the amendment; and

WHEREAS, the DOF further informed Costa Mesa Successor Agency staff that it could have the local oversight board consider and take action prior to July 1, 2018, but too asked for consideration and findings by the Orange Countywide Oversight Board if the DOF template/form for amendment of ROPS 18-19 that must be used by all successor agencies was issued by DOF after June 30, 2018; and

WHEREAS, on June 25, 2018 at its last official meeting, the local oversight board to the Costa Mesa Successor Agency considered and made findings by resolution approving the amendment of ROPS 18-19 to increase line item 6. by \$277,856 to be received during the “B” period of January 1, 2019 to June 30, 2019; and

WHEREAS, DOF issued its template/form for amendment of ROPS 18-19 after June 30, 2018; and

WHEREAS, the amended ROPS 18-19, in the form required by DOF, is attached as Attachment A, and a copy of the June 25, 2018 local oversight board resolution is attached as Attachment B, and both attachments are fully incorporated by this reference; and

WHEREAS, the Orange Countywide Oversight Board has reviewed the Costa Mesa Successor Agency’s amendment of ROPS 18-19, and desires to make certain findings, including: (i) amendment is necessary to pay a DOF-approved enforceable obligation on ROPS 18-19 during the “B” fiscal period, (ii) ROPS 18-19, as amended, is approved, (iii) Costa Mesa Successor Agency or City staff is authorized to post ROPS 18-19, as amended, on the City’s website: (<http://www.costamesaca.gov>), and (iv) staff is directed to transmit ROPS 18-19, as amended, to the DOF, with copies to the County of Orange Administrative Officer, the County of Orange Auditor-Controller, and the State Controller’s Office pursuant to the Dissolution Law;

NOW, THEREFORE, BE IT RESOLVED THAT THE ORANGE COUNTYWIDE OVERSIGHT BOARD does hereby resolve as follows:

Section 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

Section 2. The Orange Countywide Oversight Board hereby finds the revision set forth in amended ROPS 18-19 for funds to be distributed from the Redevelopment Property Tax Trust Fund (“RPTTF”) for the fiscal period January 1, 2019 to June 30, 2019 is necessary to pay a DOF-approved enforceable obligation for such ROPS 18-19 period; in particular, the amendment is to correct line item 6., which is the amount of the annual payment to repay the City/Agency loan under Section 34191.4 as listed on line item 6. by increasing the figure to \$1,202,953 (instead of \$925,097) as calculated by DOF, which is an increase of \$277,856 of RPTTF funding.

Section 3. Under the Dissolution Law, the Orange Countywide Oversight Board approves the ROPS 18-19, as amended, (Attachment A); provided however, that the ROPS 18-19, as amended, is approved subject to the condition that such ROPS, as amended, is to be submitted to and reviewed by the DOF. Further, the City’s Finance Director and her authorized designees, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

Section 4. Orange Countywide Oversight Board authorizes transmittal of ROPS 18-19, as amended, to the DOF with copies to the Orange County Administrative Officer, Orange County Auditor-Controller, and State Controller's Office.

Section 5. The City's Finance Director (and her authorized designees) is directed to post this Resolution, including the ROPS 18-19, as amended, on the City's website (www.costamesaca.gov) pursuant to the Dissolution Law.

Section 6. Under Section 34179(h) written notice and information about certain actions taken by the Orange Countywide Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. The Orange Countywide Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

Section 7. The Clerk of the Orange Countywide Oversight Board shall certify to the adoption of this Resolution.

ATTACHMENT NO. A

ROPS 18-19, AS AMENDED

(attached—use DOF template)

ATTACHMENT NO. A

Amended Recognized Obligation Payment Schedule (ROPS 18-19B) - Summary

Filed for the January 1, 2019 through June 30, 2019 Period

Successor Agency: Costa Mesa
County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	ROPS 18-19B Authorized Amounts	ROPS 18-19B Requested Adjustments	ROPS 18-19B Amended Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 3,000	\$ 277,856	\$ 280,856
F RPTTF	3,000	277,856	280,856
G Administrative RPTTF	-	-	-
H Current Period Enforceable Obligations (A+E):	\$ 3,000	\$ 277,856	\$ 280,856

Certification of Oversight Board Chairman:
Pursuant to Section 34177 (o) of the Health and Safety
code, I hereby certify that the above is a true and accurate
Recognized Obligation Payment Schedule for the above
named successor agency.

Name Title
/s/ _____
Signature Date

ATTACHMENT B

**COPY OF LOCAL OVERSIGHT BOARD RESOLUTION APPROVING AMENDMENT OF
ROPS 18-19 ADOPTED ON JUNE 25, 2018**

(attached)

ATTACHMENT NO. B

RESOLUTION NO. 18-02

A RESOLUTION OF THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY APPROVING AN AMENDED RECOGNIZED OBLIGATION PAYMENT SCHEDULE FOR THE 18-19 FISCAL PERIOD OF JANUARY 1, 2019 TO JUNE 30, 2019, SUBJECT TO SUBMITTAL TO, AND REVIEW BY, THE STATE DEPARTMENT OF FINANCE UNDER CALIFORNIA HEALTH AND SAFETY CODE, DIVISION 24, PART 1.85, AND AUTHORIZING THE POSTING AND TRANSMITTAL THEREOF

WHEREAS, the Costa Mesa Redevelopment Agency (“former Agency”) previously was a public body, corporate and politic formed, organized, existing and exercising its powers under the California Community Redevelopment Law, Health and Safety Code, Section 33000, *et seq.*, and was formed by the City Council (“City Council”) of the City of Costa Mesa (“City”); and

WHEREAS, Assembly Bill x1 26 added Parts 1.8 and 1.85 to Division 24 of the California Health and Safety Code, which caused the dissolution of all redevelopment agencies and wind down of the affairs of former agencies, including as such laws were amended by Assembly Bill 1484 and by other subsequent legislation (“Dissolution Law”); and

WHEREAS, as of February 1, 2012, the former Agency was dissolved under the Dissolution Law, and as a separate public entity, corporate and politic, the Successor Agency to the Costa Mesa Redevelopment Agency (“Successor Agency”) administers the enforceable obligations of the former Agency and otherwise unwinds the former Agency’s affairs, all subject to the review and approval by a seven-member oversight board (“Oversight Board”); and

WHEREAS, Section 34179 provides that the Oversight Board has fiduciary responsibilities to holders of enforceable obligations and the taxing entities that benefit from distributions of property tax and other revenues pursuant to Section 34188 of Part 1.85 of the Dissolution Law; and

WHEREAS, Sections 34177(m), 34177(o) and 34179 provide that each Recognized Obligation Payment Schedule (“ROPS”) is submitted to, reviewed and approved by the Successor Agency and then reviewed and approved by the Oversight Board before final review and approval by the State of California, Department of Finance (“DOF”); and

WHEREAS, Section 34177(o)(1)(E) authorizes that “[o]nce per period, and no later than October 1, a successor agency may submit one amendment to the [ROPS] approved by the department pursuant to this subdivision, if the oversight board makes a finding that a revision is necessary for the payment of approved enforceable obligations during the second one-half of the [ROPS] period, which shall be defined as January 1 to June 30, inclusive. A successor agency may only amend the amount requested for payment of approved enforceable obligations. The revised [ROPS] shall be approved by the oversight board and submitted to the department by electronic means in a manner of the department’s choosing. The department shall notify the successor agency and the county auditor-controller as to the outcome of the department’s review at least 15 days before the date of the property tax distribution.” and;

WHEREAS, when the DOF reviewed the Successor Agency's ROPS 18-19 the analyst identified to Successor Agency staff certain corrections necessary to the calculation of the dollar amount listed on line item 6. to increase the authorized amount to \$1,202,953 (instead of \$925,097—an increase of \$277,856), which is the amount of annual loan repayment of the City/Agency reinstated loan under Section 34191.4; and

WHEREAS, the process to correct and receive the increased amount on line item 6. was explained by the assigned DOF analyst (his title: Financial and Performance Evaluator, Office of State Audits and Evaluations, Department of Finance) in a series of emails on March 28, 2018 initiated by DOF and exchanged with the City's Assistant Finance Director; and

WHEREAS, this resolution the amendment to correct and increase line item 6.; and

WHEREAS, on April 10, 2018 the DOF issued its preliminary decision letter of ROPS 18-19, including approval of line item 6. in the initial amount of \$925,097 for the "A" fiscal period, so the increase amount of \$277,856 through the amendment would be received during the "B" period of January 1, 2019 to June 30, 2019; and

WHEREAS, the DOF analyst informed staff that it is not necessary for the Successor Agency to take action on this amendment, only this Oversight Board consideration and finding are necessary for DOF to implement the amendment; and

WHEREAS, staff has prepared the amendment of ROPS 18-19 with modifications to the "B" fiscal period of January 1, 2019 to June 30, 2019 as to line item 6., which is attached as Attachment 1; and

WHEREAS, the Oversight Board has reviewed the amendment to ROPS 18-19, and desires to make certain findings, including (i) the amendment is necessary to pay a DOF-approved enforceable obligation in the ROPS 18-19 period, and (ii) ROPS 18-19, as amended, is approved, (iii) Successor Agency staff is authorized to post ROPS 18-19, as amended, on the City's website: (<http://www.costamesaca.gov>), and (iv) staff is directed to transmit ROPS 18-19, as amended, to the DOF, with copies to the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office.

NOW, THEREFORE, THE OVERSIGHT BOARD OF THE SUCCESSOR AGENCY TO THE COSTA MESA REDEVELOPMENT AGENCY DOES HEREBY RESOLVE AS FOLLOWS:

SECTION 1. The foregoing recitals are incorporated into this Resolution by this reference, and constitute a material part of this Resolution.

SECTION 2. The Oversight Board hereby finds the revision set forth in amended ROPS 18-19 for funds to be distributed from the Redevelopment Property Tax Trust Fund for the fiscal period January 1, 2019 to June 30, 2019 is necessary to pay a DOF-approved enforceable obligation for such ROPS 18-19 period; in particular, the amendment is to correct line item 6., which is the amount of the annual payment to repay the City/Agency loan under Section 34191.4 as listed on line item 6. to \$1,202,953 (instead of \$925,097) as calculated by DOF, which is an increase of . \$277,856 of RPTTF funding.

SECTION 3. Under the Dissolution Law, the Oversight Board approves the ROPS 18-19, as amended, which is included as Attachment 1 and incorporated by this reference; provided however, that the ROPS 18-19, as amended, is approved subject to the condition that such ROPS, as amended, is to be submitted to and reviewed by the DOF. Further, the Assistant Finance Director and her authorized designee, in consultation with legal counsel, shall be authorized to discuss this matter with the DOF and make augmentations, modifications, additions or revisions as may be necessary or directed by DOF.

SECTION 4. The Oversight Board authorizes transmittal of the ROPS 18-19, as amended, to the DOF with copies to the County Administrative Officer, the County Auditor-Controller, and the State Controller's Office.

SECTION 5. The Assistant Finance Director or her authorized designee is directed to post this Resolution, including the ROPS 18-19, as amended, on the City's website (www.costamesaca.gov) under the Dissolution Law.

SECTION 6. Under Section 34179(h) written notice and information about certain actions taken by the Oversight Board shall be provided to the DOF by electronic means and in a manner of DOF's choosing. An Oversight Board's action shall become effective five (5) business days after notice in the manner specified by the DOF unless the DOF requests a review.

SECTION 7. The Secretary of the Oversight Board shall certify to the adoption of this Resolution.

APPROVED AND ADOPTED this 25th day of June, 2018.



Jeff Trader, Vice-Chair
Oversight Board of the Successor Agency to
the Costa Mesa Redevelopment Agency

ATTEST:



Brenda Green, Secretary
Oversight Board of the Successor Agency
to the Costa Mesa Redevelopment Agency

STATE OF CALIFORNIA)
COUNTY OF ORANGE) ss.
CITY OF COSTA MESA)

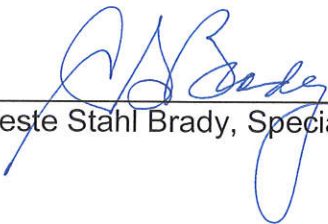
I, Brenda Green, Secretary of the Oversight Board of the Successor Agency to the Costa Mesa Redevelopment Agency, hereby certify that the foregoing resolution was duly adopted by the Oversight Board at a special meeting held on the 25th day of June 2018, and that it was so adopted by the following vote:

AYES: BOARD MEMBERS: BAKER, DUNN, GENIS, HATCH, TRADER
NOES: BOARD MEMBERS: NONE
ABSENT: BOARD MEMBERS: RIGHEIMER



Brenda Green, Secretary
Oversight Board of the Successor Agency to the
Costa Mesa Redevelopment Agency

APPROVED AS TO FORM:



Celeste Stahl Brady, Special Counsel

ATTACHMENT NO. 1

ROPS 18-19, AS AMENDED

(attached)

Recognized Obligation Payment Schedule (ROPS 18-19) - Summary
 Filed for the July 1, 2018 through June 30, 2019 Period

Successor Agency: Costa Mesa
 County: Orange

Current Period Requested Funding for Enforceable Obligations (ROPS Detail)	18-19A Total (July - December)	18-19B Total (January - June)	ROPS 18-19 Total
A Enforceable Obligations Funded as Follows (B+C+D):	\$ -	\$ -	\$ -
B Bond Proceeds	-	-	-
C Reserve Balance	-	-	-
D Other Funds	-	-	-
E Redevelopment Property Tax Trust Fund (RPTTF) (F+G):	\$ 1,208,203	\$ 3,000	\$ 1,211,203
F RPTTF	1,202,953	3,000	1,205,953
G Administrative RPTTF	5,250	-	5,250
H Current Period Enforceable Obligations (A+E):	\$ 1,208,203	\$ 3,000	\$ 1,211,203

Certification of Oversight Board Chairman:
 Pursuant to Section 34177 (o) of the Health and Safety code, I hereby certify that the above is a true and accurate Recognized Obligation Payment Schedule for the above named successor agency.

Jeff Trader, Vice-Chair

/s/ Jeff S. Trader 6/25/18
 Signature Date

Costa Mesa Recognized Obligation Payment Schedule (ROPS 18-19) - Report of Cash Balances
July 1, 2015 through June 30, 2016
(Report Amounts in Whole Dollars)

Pursuant to Health and Safety Code section 34177 (i), Redevelopment Property Tax Trust Fund (RPTTF) may be listed as a source of payment on the ROPS, but only to the extent no other funding source is available or when payment from property tax revenues is required by an enforceable obligation. For tips on how to complete the Report of Cash Balances Form, see Cash Balance Tips Sheet

A	B	C	D	E	F	G	H	I	
		Fund Sources							
		Bond Proceeds		Reserve Balance		Other	RPTTF		
	Cash Balance Information for ROPS 15-16 Actuals (07/01/15 - 06/30/16)	Bonds issued on or before 12/31/10	Bonds issued on or after 01/01/11	Prior ROPS period balances and DDR RPTTF balances retained	Prior ROPS RPTTF distributed as reserve for future period(s)	Rent, grants, interest, etc.	Non-Admin and Admin	Comments	
1	Beginning Available Cash Balance (Actual 07/01/15)							\$111,595 was listed as "Other" under Funding source. This amount was transferred to Costa Mesa Successor Agency from the City as of 12/31/14 based on State Controller's Office audit findings reported in Costa Mesa Redevelopment Agency Asset transfer review report dated January 2015.	
2	Revenue/Income (Actual 06/30/16) RPTTF amounts should tie to the ROPS 15-16 total distribution from the County Auditor-Controller during June 2015 and January 2016.	704,334				111,595	152,798	Other Funding source included \$525.71 received from County of Orange on 12/15/15 per U. S. Bankruptcy order and \$81 investment interest earned in FY15-16. AB 1484 requires 20% (\$162,275) of any loan repayment to be deducted from loan repayment amount (\$811,375) and transferred to LMI-Housing Assets Fund per HSC 34191.4 (s)(2)(c).	
3	Expenditures for ROPS 15-16 Enforceable Obligations (Actual 06/30/16)		70			606	1,113,232	Total expenditures Successor Agency incurred in FY15-16 was \$1,375,954	
4	Retention of Available Cash Balance (Actual 06/30/16) RPTTF amount retained should only include the amounts distributed as reserve for future period(s)					111,595	1,264,359		
5	ROPS 15-16 RPTTF Balances Remaining	No entry required							
6	Ending Actual Available Cash Balance (06/30/16) C to G = (1 + 2 - 3 - 4), H = (1 + 2 - 3 - 4 + 5)	\$ 704,404	\$ -	\$ -	\$ -	\$ 606	\$ 1,671		